

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

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IN RE AMERICAN INTERNATIONAL)
GROUP, INC. 2007 DERIVATIVE) Lead Case No. 07-CV-10464 (LAP)
LITIGATION)
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This Document Related To:)
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ALL ACTIONS)
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**AFFIDAVIT OF TAMALA T. BOYD IN SUPPORT OF THE OUTSIDE
DIRECTORS' NOTICE OF MOTION TO DISMISS THE PLAINTIFFS'
VERIFIED CONSOLIDATED SHAREHOLDER DERIVATIVE COMPLAINT**

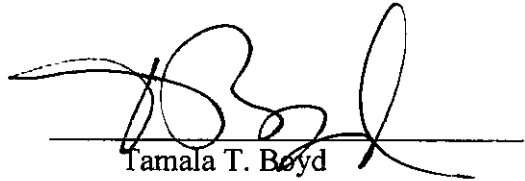
STATE OF NEW YORK)
 : ss
COUNTY OF NEW YORK)

TAMALA T. BOYD, ESQ., being duly sworn, deposes and says:

1. I am an associate at Simpson Thacher & Bartlett LLP, attorneys for the Outside Director Defendants, in connection with the above-captioned action.
2. I submit this affidavit in support of the Outside Directors' Motion to Dismiss the Plaintiffs' Verified Consolidated Shareholder Derivative Complaint ("Complaint") pursuant to Rule 12(b)(6) of the Federal Rules of Civil Procedure for failure to state a claim upon which this Court may grant relief.
3. I am fully familiar with the facts set forth in this affidavit, either from personal knowledge or on the basis of documents that have been provided to me.
4. Attached hereto as Exhibit A is a true and correct copy of a chart setting forth the issues that Plaintiffs claim were improperly disclosed and listing American

International Group, Inc.'s ("AIG") public statements regarding those issues during the period at issue in the Complaint.

5. Attached hereto as Exhibit B is a true and correct copy of AIG's securities filing on Form 8K, dated February 11, 2008.



Tamala T. Boyd

Sworn to before me this
15th day of April 2008



Notary Public

PATRICIA DELLA PERUTA
Notary Public, State of New York
No. 01DE4970039
Qualified in New York County
Commission Expires July 30, 2010

EXHIBIT A

Date of Public Statement	Public Statements re: AIG's Sub-prime Exposure	Public Statements re: AIG's Mortgage Insurance Business	Public Statements re: AIG's Business Prospects	Other Relevant Statements in The Same Public Filing
May 10, 2006 Earnings Release	None	United Guaranty experienced strong premium growth with increases in all business lines, including new markets in Spain and Mexico.	[AIG] had record General Insurance results with strong gains in operating income and an improved combined ratio.	It should be noted that the remarks made in this press release or on the conference call may contain projections concerning financial information and statements concerning future economic performance and events, plans and objectives relating to management, operations, products and services, and assumptions underlying these projections and statements. Please refer to AIG's Quarterly Report on Form 10-Q for the period ended March 31, 2006 and AIG's past and future filings with the Securities and Exchange Commission for a description of the business environment in which AIG operates and the factors that may affect its business. AIG is not under any obligation (and expressly disclaims any such obligation) to update or alter its projections and other statements whether as a result of new information, future events or otherwise.
August 9, 2006 Earnings Release	None	United Guaranty had strong premium growth with increases in all business lines, and improved persistency in its domestic first lien business.	AIG's strong second quarter performance reflects our ability to quickly address changes in market conditions and client demand.	It should be noted that the remarks made in this press release or on the conference call may contain projections concerning financial information and statements concerning future economic performance and events, plans and objectives relating to management, operations, products and services, and assumptions underlying these projections and statements. Please refer to AIG's Quarterly Report on Form 10-Q for the period ended June 30, 2006 and AIG's past and future filings with the Securities and Exchange Commission for a description of the business environment in which AIG operates and the factors that may affect its business. AIG is not under any obligation (and expressly disclaims any such obligation) to update or alter its projections and other statements whether as a result of new information, future events or otherwise.

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November 9, 2006 Earnings Release	None	<p>United Guaranty had strong premium growth with increases in all business lines, primarily driven by the domestic second lien and international businesses.</p>	<p>AIG has a diversified portfolio of market leading businesses that complement and balance each other.</p>	<p>It should be noted that the remarks made in this press release or on the conference call may contain projections concerning financial information and statements concerning future economic performance and events, plans and objectives relating to management, operations, products and services, and assumptions underlying these projections and statements. Please refer to AIG's Quarterly Report on Form 10-Q for the period ended September 30, 2006 and AIG's past and future filings with the Securities and Exchange Commission for a description of the business environment in which AIG operates and the factors that may affect its business. AIG is not under any obligation (and expressly disclaims any such obligation) to update or alter its projections and other statements whether as a result of new information, future events or otherwise.</p>
March 1, 2007 Earnings Release	None	<p>Mortgage Guaranty operating income declined primarily as a result of unfavorable loss experience on third party originated second-lien business with lower than usual credit quality combined with the effect of the softening of the U.S. housing market. The writing of this second-lien product business was discontinued as of year end 2006.</p>	<p>[AIG] made significant progress throughout the year in improving [the Company's] financial control environment, providing greater transparency in our financial disclosures and remaining on the forefront of good corporate governance.</p>	<p>It should be noted that the remarks made in this press release or on the conference call may contain projections concerning financial information and statements concerning future economic performance and events, plans and objectives relating to management, operations, products and services, and assumptions underlying these projections and statements. Please refer to AIG's Annual Report on Form 10-K for the year ended December 31, 2006 and AIG's past and future filings with the Securities and Exchange Commission for a description of the business environment in which AIG operates and the factors that may affect its business. AIG is not under any obligation (and expressly disclaims any such obligation) to update or alter its projections and other statements whether as a result of new information, future events or otherwise.</p>

Date of Public Statement	Public Statements re: AIG's Sub-prime Exposure	Public Statements re: AIG's Mortgage Insurance Business	Public Statements re: AIG's Business Prospects	Other Relevant Statements in the Same Public Filing
May 10, 2007 Earnings Release	In light of evolving market and regulatory developments affecting non-prime mortgage lending, AIG's domestic consumer finance operations are in ongoing discussions with the Office of Thrift Supervision relating to loans originated in the name of AIG Federal Savings Bank in the period from July 2003 to May 2006. Management expects the application of underwriting criteria developed in consideration of regulatory guidance . . . will result in significant costs to the domestic consumer finance operations. [Estimate given of \$128 million.]	United Guaranty's results were adversely affected by the continued slowdown in the U.S. residential real estate market.	None	It should be noted that the remarks made in this press release or on the conference call may contain projections concerning financial information and statements concerning future economic performance and events, plans and objectives relating to management, operations, products and services, and assumptions underlying these projections and statements. Please refer to AIG's Quarterly Report on Form 10-Q for the period ended March 31, 2007 and AIG's past and future filings with the Securities and Exchange Commission for a description of the business environment in which AIG operates and the factors that may affect its business. AIG is not under any obligation (and expressly disclaims any such obligation) to update or alter its projections and other statements whether as a result of new information, future events or otherwise.
May 11, 2007 Investor Conference Call	Repeats the substance of the above.	The continued slowdown in the U.S. housing market adversely affected results in United Guaranty.	[AIG] ha[s] been very disciplined in credit quality. . . What is happening is players are leaving the market or abandoning the business. Some of them have gone bankrupt as I am sure you know. And some of the exotic products that have been offered, particularly the negative amortization loans, which [AIG] never did offer, are I think going to be a very, very reduced part of the marketplace. That means that there is going to be much more of a level playing field from our perspective. Therefore, I	Before we begin, I would just like to remind you that the remarks made today may contain projections concerning financial information and statements concerning future economic performance and events; plans and objectives relating to management operations, products and services; and assumptions underlying these projections and statements. Please refer to AIG's Quarterly Report on Form 10-Q for the period ended March 31, 2007, filed yesterday with the Securities & Exchange Commission and AIG's past and future filings with the SEC for a description of the business environment in which AIG operates and the factors that may affect its business. AIG is not under any obligation and expressly disclaims any such obligation to update or alter its projections and other statements, whether as a result of new information, future events, or otherwise.

Date of Public Statement	Public Statements re: AIG's Sub-prime Exposure	Public Statements re: AIG's Mortgage Insurance Business	Public Statements re: AIG's Business Prospects	Other Relevant Statements in The Same Public Filing
August 8, 2007 Earnings Release	We continue to be very comfortable with our exposure to the U.S. residential mortgage market, both in our operations and our investment activities.	The continuing weakness in the U.S. housing market resulted in a significant increase in losses for the domestic mortgage insurance business.	think there is a lot of opportunity for [AIG] in the next 18 to 24 months.	It should be noted that the remarks made in this press release or on the conference call may contain projections concerning financial information and statements concerning future economic performance and events, plans and objectives relating to management, operations, products and services, and assumptions underlying these projections and statements. Please refer to AIG's Quarterly Report on Form 10-Q for the period ended June 30, 2007 and AIG's past and future filings with the Securities and Exchange Commission for a description of the business environment in which AIG operates and the factors that may affect its business. AIG is not under any obligation (and expressly disclaims any such obligation) to update or alter its projections and other statements whether as a result of new information, future events or otherwise.
August 9, 2007 Earnings Conference Call	Exposures to the residential mortgage backed securities market within AIG's insurance investment portfolios are of a high quality and enjoy substantial protection through collateral subordination. AIG does not need to trade mortgage related securities and does not depend on them for its liquidity needs. AIG Financial Products portfolio of super senior credit default swaps is well structured; undergoes ongoing monitoring, modeling, and analysis; and enjoys significant protection from collateral subordination. Certainly, we	UGC is currently experiencing a significant decline in operating income due primarily to unfavorable loss experience in its domestic second and first lien mortgage businesses as a result of the continued softening in the U.S. housing market.	Looking towards the second half of the year, we have good reason to be confident about AIG's growth prospects. Our diverse worldwide operations are well-positioned to respond to opportunities that will arise from major global economic trends.	Temporary market disruptions may have some noneconomic effect on AIG through unrealized losses. However, the sound credit quality of the portfolios should result in collection of substantially all principal and interest under any reasonable scenario It should be noted that this presentation and the remarks made by AIG representatives may contain projections concerning financial information and statements concerning future economic performance and events, plans and objectives relating to management, operations, products and services, and assumptions underlying these projections and statements. Please refer to AIG's Quarterly Report on Form

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	<p>will be following this market closely during this period of volatility and correction and we will continue to manage these risks carefully.</p> <p>AIG views such declines as temporary, as the robust cash flow characteristics combined with the reasonably short maturity structure of most of these securities will exert a very strong pull to par even if markets remain unstable. AIG views recent pricing as indicative of market turmoil unrelated to the fundamental financial characteristics of these securities.</p> <p>In addition, we believe that it would take declines in housing values to reach Depression proportions, along with default frequencies never experienced, before our AAA and AA investments would be impaired.</p> <p>AIG does not need to liquidate any investment securities in a chaotic market due to its strong liquidity and cash flow as well as its superior financial strength. I am confident in our people and our risk management processes. Our exposures to this market are prudent, given the nature of our business and our financial strength. AIG has the financial wherewithal and expertise to take advantage of opportunities as they arise in the future.</p> <p>In all the areas where we are active, we have strong risk management processes undertaken by experienced professionals.</p>			<p>10-Q for the period ended June 30, 2007 and AIG's past and future filings with the Securities and Exchange Commission for a description of the business environment in which AIG operates and the factors that may affect its business. AIG is not under any obligation (and expressly disclaims any such obligation) to update or alter its projections and other statements whether as a result of new information, future events or otherwise.</p>

Date of Public Statement	Public Statements re: AIG's Sub-prime Exposure	Public Statements re: AIG's Mortgage Insurance Business	Public Statements re: AIG's Business Prospects	Other Relevant Statements in the Same Public Filing
	<p>The risks we take are analyzed based upon our own independent analyses, modeling, and monitoring. Risk tolerances and appetites are formulated and implemented within authorities allocated by senior management; and ongoing review and analysis is undertaken both in the businesses as well as at the corporate enterprise risk management level.</p> <p>Although the market may continue to experience a period of adjustment and volatility, our exposures are understood and well managed within an appropriate risk tolerance for a strong world leader in Insurance and Financial Services.</p>			
August 13, 2007 News Article	<p>"I believe we come up with our best estimate of the fair value (of these instruments) based on all information available to us and that's reflected in our financial statements." [Quoting E. Habayeb]</p>			

EXHIBIT B

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 11, 2008

AMERICAN INTERNATIONAL GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-8787
(Commission File Number)

13-2592361
(IRS Employer
Identification No.)

70 Pine Street
New York, New York 10270
(Address of principal executive offices)

Registrant's telephone number, including area code: (212) 770-7000

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Section 8 — Other Events

Item 8.01. Other Events.

In connection with the preparation of its 2007 financial reports, American International Group, Inc. ("AIG") has recently concluded that AIG should clarify and expand its prior disclosures relating to the methodology and data inputs used to determine the fair values of the super senior credit default swap portfolio in respect of multi-sector collateralized debt obligations ("CDOs") of AIG Financial Products Corp. and AIG Trading Group Inc., including their respective subsidiaries (collectively, "AIGFP").

As disclosed in AIG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007 (the "Form 10-Q"), AIGFP values its super senior credit default swaps using internal methodologies that utilize available market observable information and incorporate management estimates and judgments when information is not available. In doing so, it employs a modified Binomial Expansion Technique ("BET") model that currently utilizes, among other data inputs, market prices obtained from independent sources, from which it derives credit spreads for the securities constituting the collateral pools underlying the related CDOs. The modified BET model derives default probabilities and expected losses from market prices, not credit ratings. The initial implementation of the BET model did not adequately quantify, and thus did not give effect to, the benefit of certain structural mitigants, such as triggers that accelerate amortization of the more senior CDO tranches.

As disclosed in the Form 10-Q, AIG did not give effect to these structural mitigants ("cash flow diversion features") in determining the fair value of AIGFP's super senior credit default swap portfolio for the three months ended September 30, 2007. Similarly, these features were not taken into account in the estimate of the decline in fair value of the super senior credit default swap portfolio through October 31, 2007 that was also included in the Form 10-Q because AIG was not able to reliably estimate the value of these features at that time. Subsequent to the filing of the Form 10-Q, through development and use of a second implementation of the BET model using Monte Carlo simulation, AIGFP was able to reliably estimate the value of these features. Therefore, AIG gave effect to the benefit of these features in determining the cumulative decline in the fair value of AIGFP's super senior credit default swap portfolio for the period from September 30, 2007 to November 30, 2007 that was disclosed in AIG's Current Report on Form 8-K/A, dated December 5, 2007 (the "Form 8-K/A") filed after AIG's December 5, 2007 Investor Conference.

In addition, during AIG's December 5 Investor Conference, representatives of AIGFP indicated that the estimate of the decline in fair value of AIGFP's super senior credit default swap portfolio during November was then being determined on the basis of cash bond prices for securities in the underlying collateral pools, with valuation adjustments made not only for the cash flow diversion features referred to above but also

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for "negative basis", to reflect the amount attributable to the difference (the "spread differential") between spreads implied from cash CDO prices and credit spreads implied from the pricing of credit default swaps on the CDOs.

In order to clarify the pricing methodology and data inputs used, the following table reflects the data inputs used in the methodology as of September 30, 2007, October 31, 2007 and November 30, 2007, and quantifies the components of the estimate as of the end of each month:

(in millions) As of	Gross Cumulative Decline in Valuation During 2007	Benefit of Structural Mitigants (Cash Flow Diversion Features)	Cumulative Decline in Valuation Net of Cash Flow Diversion Features	Benefit of Spread Differential (Negative Basis Adjustment)	Cumulative Decline in Valuation As Previously Disclosed
September 30	\$ 352 ⁽¹⁾	\$ 0 ⁽²⁾	\$ 352	Not Applicable	\$ 352 ⁽³⁾
October 31	\$ 899 ⁽⁴⁾	\$ 0 ⁽²⁾	\$ 899	Not Applicable	\$ 899 ⁽⁵⁾
November 30	\$5,964 ⁽⁶⁾	\$732 ⁽⁷⁾	\$5,232	\$3,628 ⁽⁸⁾	\$1,604 ⁽⁹⁾

(1) Calculated using BET methodology with generic credit spreads on asset-backed securities provided by a third party.

(2) AIG did not give effect to the benefit of any cash flow diversion features.

(3) As disclosed in the Form 10-Q.

(4) Calculated using BET methodology with generic credit spreads on asset-backed securities provided by a third party and adjusted using inputs derived by management from observed changes in the relevant ABX indices. Calculation on this basis at November 30, 2007 would have resulted in a gross cumulative decline in valuation of \$2.551 billion, a benefit of \$863 million from cash flow diversion features and a cumulative decline in valuation net of cash flow diversion features of \$1.687 billion.

(5) Corresponds to the sum of the cumulative decline as of September 30, 2007 of \$352 million and the estimated further decline during October

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- o f \$550 million as disclosed in the Form 10-Q and reflects further refinement of data inputs used in the model.
- (6) Calculated using BET methodology with cash bond prices provided by the managers of the underlying CDO collateral pools, or, where not provided by the managers, prices derived from a price matrix based on cash bond prices that were provided.
- (7) Calculated using Monte Carlo simulation.
- (8) Represents amount attributable to the differential between spreads implied from cash CDO prices and credit spreads implied from the pricing of credit default swaps on the CDOs.
- (9) Corresponds to the sum of the cumulative decline as of September 30, 2007 of \$352 million and the estimated further decline of an aggregate of approximately \$1.05 billion to \$1.15 billion during October and November as disclosed in the Form 8-K/A, and reflects further refinement of data inputs used in the model.

AIG has not yet determined the amount of the increase in the cumulative decline in fair value of AIGFP's super senior credit default swap portfolio to be included in its December 31, 2007 financial statements. AIG is still accumulating market data in order to update its valuation of the AIGFP super senior credit default swap portfolio. AIG currently expects that the adjustment for cash flow diversion features will be included in determining the fair value of AIGFP's super senior credit default swap portfolio at December 31, 2007. However, as a result of current difficult market conditions, AIG is not able to reliably quantify the differential between spreads implied from cash CDO prices and credit spreads implied from the pricing of credit default swaps on the CDOs, and therefore AIG will not include any adjustment to reflect the spread differential (negative basis adjustment) in determining the fair value of AIGFP's super senior credit default swap portfolio at December 31, 2007. The fair value of the super senior credit default swap portfolio for the year ended December 31, 2007 will reflect continuing refinements, if any, of AIG's valuation methodologies and additional market data.

AIG has been advised by its independent auditors, PricewaterhouseCoopers LLC, that they have concluded that at December 31, 2007, AIG had a material weakness in its internal control over financial reporting and oversight relating to the fair value valuation of the AIGFP super senior credit default swap portfolio. AIG's assessment of its internal controls relating to the fair value valuation of the AIGFP super senior credit default swap portfolio is ongoing, but AIG believes that it currently has in place the necessary compensating controls and procedures to appropriately determine the fair value of AIGFP's super senior credit default swap portfolio for purposes of AIG's year-end financial statements.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN INTERNATIONAL GROUP, INC.
(Registrant)

Date: February 11, 2008

By: /s/ Kathleen E. Shannon

Name: Kathleen E. Shannon

Title: Senior Vice President and Secretary